National
Endowment
for
The Arts

Visual Arts Program Guidelines

Fiscal Year 1973

National
Council
on
The Arts

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APPLICATION DEADLINES

PROGRAM	DEADLINE
Art Critics' Fellowships	12/1/72
Workshop Program	12/1/72
Photography: Exhibition Aid	12/1/72
Craftsmen Fellowships	1/1/73
Works of Art in Public Places (Inner City Mural Projects)	2/28/73
Visual Arts in the Performing Arts	2/28/73
Short-Term Activities	3/1/73
Artists' Fellowships (Fiscal 1974)	11/30/73
Photographers' Fellowships (Fiscal 1975)	5/30/74

Applications accepted throughout the year:

Works of Art in Public Places

Artists, Critics, Photographers and Craftsmen in Residence

Artists' Services

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GENERAL INFORMATION

The Visual Arts Program provides assistance for individual artists of exceptional talent, e.g., painters, sculptors, printmakers, photographers and craftsmen; for the commissioning and placement of art works in public places; for short-term residencies of artists, critics, photographers and craftsmen in educational and cultural institutions, and for a variety of flexible programs, including workshops, short-term activities and artists' services. Basically grants are of two kinds -- fellowships are available to individuals and project grants are made to organizations. The following information provides some basic facts to keep in mind concerning both types of assistance:

GRANTS TO ORGANIZATIONS

1. By statute, the Endowment is limited to making grants to organizations only if no part of their net earnings inures to the benefit of a private stockholder or an individual and provided donations to such organizations are allowable as charitable contributions under Section 170(c) of the Internal Revenue Code of 1954 as amended. APPLICANTS ARE REQUIRED TO SUBMIT A COPY OF THEIR INTERNAL REVENUE SERVICE TAX STATUS DETERMINATION LETTER WITH EVERY APPLICATION.

2. Generally, project grants to institutions will be made on at least a dollar-for-dollar matching basis. Matching funds must be from non-federal sources.

3. Institutions should use the forms entitled "Project Grant Application" (NEA-3, Rev.). Please follow closely the instruction sheet attached to your application and supply all information requested.

GENERAL INFORMATION

4. Project Description: The Project Description should be brief but specific. Spell out concrete details. All essential elements of the proposal must be included in a concise project summary in the space provided on the application. If applicants wish to supply additional information, they should submit no more than one side of one additional page (8½" by 11") with the application.

5. Budget: Budget estimates should cover the total project costs. Project costs include total direct and indirect costs essential to the project and consistent with specific program guidelines that follow. Please provide all budget detail and supplemental material required by the Project Grant Application (NEA-3, Rev.) instruction and specific program guidelines.

FELLOWSHIP GRANTS TO INDIVIDUALS

1. Individuals applying to the Endowment should use the application forms entitled "Individual Grant Application," (NEA-2, Rev.). These forms must be submitted in triplicate and in accordance with the instruction sheet which is attached.

2. Generally, fellowships will only be made to U.S. citizens.

3. Students are not eligible.

4. Grants to individuals are made on a non-matching basis.

5. Projects you may wish to undertake should be described succinctly in the space provided under "Description of Proposed Activity." The description should not include elaborate statements of your aesthetics or philosophy.

GENERAL INFORMATION

6. Where slides are requested we ask that they be placed in clear plastic sheets for easy handling. Unless stated in the guidelines, materials sent to the Endowment will be returned only if a suitable, self-addressed stamped envelope accompanies the application. The Endowment assumes no responsibility for lost or damaged prints or slides. Please comply with the limit set of the number of prints or slides which are sent to the Endowment. The panels will only review up to the maximum number allowed.

7. The Internal Revenue Code and regulations provide that certain fellowships to individuals who are not candidates for degrees are, within certain limitations, excludable from gross income, for tax purposes. If a fellowship qualifies for this exclusion, the amount is limited to $300 times the number of months for which the fellowship is intended to cover, but not in excess of 36 months. In addition, amounts received to cover certain expenses for travel, research, clerical help or equipment incident to the fellowship are excludable to the extent of the recipient's actual expenses provided that these expenses are not claimed as a deduction. A pamphlet published by the Internal Revenue Service on this subject and entitled "Tax Information on Scholarships and Fellowships" is reprinted on pages 24 through 27. This might be helpful in preparing an application for a proposed fellowship.

GENERAL INFORMATION

The Endowment cannot advise you as to the deductibility of all or any portion of a fellowship, should one be awarded to you. Advice should be sought from your own tax counselor or local Internal Revenue Service Office.

MAILING ADDRESS

Both individual and project application forms should be returned to the Grants Office, National Endowment for the Arts, 806 15th Street, N.W., Washington, D.C. 20506 postmarked no later than the deadline date. Additional information and application forms may be obtained from the Visual Arts Program at the above address. Telephone (202) 382-7068.

REVIEW PROCEDURE

Generally, selection will be made from recommendations of an advisory committee and the National Council on the Arts.

REPORTING REQUIREMENTS

The Endowment requires a fiscal and narrative report on a project at the end of the grant period.

ART CRITICS' FELLOWSHIP PROGRAM
FISCAL 1973

Purpose: To enable art critics to pursue their profession, to study and/or write or, if they wish, to take on a specific project which in their present circumstances is not feasible.

Eligible: Art critics of exceptional talent and accomplishment. For the purposes of this program, art criticism is defined as the investigation, evaluation and exposition of contemporary or recent art.

Fellowship Amount: $3,000

Deadline: All applications must be postmarked by December 1, 1972.

Procedure: Please review the instructions given on Page 2 and complete the forms entitled "Individual Grant Application" (NEA-2, Rev.). You should indicate under "Description of Proposed Activity" what you will do with the funds if a fellowship is awarded to you. Please include not more than two samples (preferably a specific article or essay) showing your work in its best light. (Samples will not be returned.) Interviews should not be submitted as examples.

Announcement Date: Notices of acceptances or rejections will not be sent before March 15, 1973

CRAFTSMEN'S FELLOWSHIP PROGRAM
FISCAL 1973

Purpose: To enable craftsmen to set aside time, to aid in purchasing materials and for other purposes that would enable them to advance their careers.

Eligible: Professional craftsmen of exceptional talent -- glass workers, metal workers, weavers, potters, etc. -- of any age (except students), medium or aesthetic persuasion.

Fellowship Amount: $3,000

Deadline: All applications must be postmarked by January 1, 1973.

Procedure: Please review the instructions given on Page 2 and complete the forms entitled "Individual Grant Application" (NEA-2, Rev.). You should indicate under "Description of Proposed Activity" what you will do with the funds if a fellowship is awarded to you. Not more than five (2" by 2") slides, placed in clear plastic sheets, of your work may be submitted.

Announcement Date: Notices of acceptances or rejections will not be sent before March 15, 1973. (Slides will not be returned before May 1, 1973.)

ARTISTS' FELLOWSHIP PROGRAM
FISCAL 1974

Purpose: To enable artists to set aside time and/or purchase materials and, generally to enable them to advance their careers as they see fit.

Eligible: Professional painters, sculptors, and printmakers of exceptional talent. Artists of any age (except students), school or aesthetic persuasion are eligible.

Fellowship Amount: $7,500

Deadline: Applications must be postmarked by November 30, 1973.

Procedure: Please review the instructions given on Page 2 and complete the forms entitled "Individual Grant Application" (NEA-2, Rev.). You should indicate under "Description of Proposed Activity"what you will do with the funds if a fellowship is awarded to you. Not more than five (2" by 2") slides, placed in clear plastic sheets, of your work may be submitted.

Announcement Date: Notices of acceptances or rejections will not be sent before June 30, 1974. (Slides will not be returned before September 1, 1974.)

PHOTOGRAPHER'S FELLOWSHIP PROGRAM
FISCAL 1975

Purpose: The overall aim of the Photographer's Fellowship Program is to assist in the contribution made by photography to our culture. The specific aim is to allow photographers of exceptional talent to set aside time, to aid them in purchasing needed materials and for other purposes that would enable them to advance their careers.

Eligible: Still photographers of exceptional talent.

Fellowship Amounts: Fellowships ordinarily will not exceed and generally will be less than $5,000.

Deadline: Applications must be postmarked by May 30, 1974.*

Procedure: Please review the instructions given on Page 2 and complete the forms entitled "Individual Grant Application" (NEA-2, Rev.). You should indicate under "Description of Proposed Activity" what you will do with the funds if a fellowship is awarded to you. Up to ten prints may be submitted with your application.

Announcement Date: Notices of acceptances or rejections will not be sent before October 1, 1974. (Prints will not be returned before December 1, 1974.)

* Applications should not be sent before January 15, 1974.

ARTISTS, CRITICS, PHOTOGRAPHERS AND CRAFTSMEN IN RESIDENCE FISCAL 1973

Purpose: To make it possible for art schools, university art departments and other institutions to invite artists, critics photographers and craftsmen of national reputation for short-term stays to instruct, influence and stimulate students and faculty while practicing their professions. We believe that such circulation of exceptional talent benefits the students, the faculty and the visiting artists. Institutions select the artist(s), critic(s), photographer(s) or craftmen of their choosing and work out a mutually acceptable schedule of activities with emphasis on student contact. While new methods are not necessarily better, more inventive ways of bringing this contact about may be desirable; for instance, making the evolution of a work of art itself the teaching situation, or engaging the students as assistants in some project or process.

Eligible: While aimed primarily at art schools and university art departments, other organizations such as museums and community centers may qualify.

Grant Amounts: Grants will usually not exceed $1,500 and will be made on a matching basis. Larger grants are occasionally given for extraordinary projects. Project budgets generally should include only artists' fees and transportation for the artists to the university, museum or community center at the start of the project and return to his home at the end of the project.

ARTISTS, CRITICS, PHOTOGRAPHERS AND CRAFTSMEN IN RESIDENCE

Deadline: Applications for this program are accepted and grants are made throughout the year. However, applications should be received six months before the planned residence will begin.

Procedure: Please review the instructions given on Page 1 and complete the forms entitled "Project Grant Application" (NEA-3, Rev.). It is not necessary to have chosen the artist(s) at the time the application is filled out.

Reporting Requirements: The Endowment requires a fiscal and narrative report on the program at the end of the grant period. Guidelines for this report are reprinted here for your information.

REPORT GUIDELINES FISCAL 1973

ARTISTS, CRITICS, PHOTOGRAPHERS AND CRAFTSMEN IN RESIDENCE

We request that the following information be included in the final descriptive reports due at the end of the grant period for the Artists, Critics, Photographers and Craftsmen in Residence Program:

1. List the name(s), address(es) of the artist(s) in residence. Describe their activity briefly. Please specify the individual fee paid to each.

2. Please let us know the number of students (approximately) involved in the program.

3. The number of faculty members involved in the program.

4. The amount and source of matching funds.

5. Was there any involvement of the community outside of the school? Please describe and estimate number involved.

6. Describe any problems encountered or criticisms received by the program.

7. Do you have any suggestions on how to improve this program?

8. It is requested that in addition to this report that you submit to the Endowment two 8" by 10" photographs documenting the project.

9. It would also be helpful to you to send any press notices of the program.

10. Do you feel this program benefited your organization? If so, how? If not, why?

WORKS OF ART IN PUBLIC PLACES
FISCAL 1973

Purpose: The aim of the program is to give the public access to the best art of our time outside museum walls. The program intends that the work of art will contribute to the public's enjoyment and education; that it will create a favorable climate for the reception of all the arts, and that a distinguished cultural heritage will be passed to future generations. By providing opportunities and challenges for the country's most important artists (however this may be defined), the Endowment hopes to encourage them to exercise their talents to the fullest.

A significant part of this program is the stimulation of an effective partnership between a city, the private sector, and the Federal Government.

Eligible: All cities and towns in the U.S.

Grant Amounts: Matching grants from $5,000 to $45,000.

Deadline: Applications are accepted throughout the year. Six months should be allowed for application review.

Procedure: The Endowment is usually approached by an interested individual or group who wishes to commission a work of art for commemorative or other purposes. For the program to be successful it is essential that there be strong local support by an aesthetically sophisticated group which can summon financial resources for the project.

Once the Endowment has satisfied itself that the group has the capacity to carry through the matching aspect of the program, the group is advised to contact the Mayor's office. "Project Grant Application" forms (NEA-3, Rev.) should then be filled out and signed by the Mayor. The participation of

the city government is deemed essential (except in special circumstances) since the success of the program depends on a good working liaison between local government and private patrons. Also, the Mayor's signature is affixed to the application as the representative of all the people of the city or town, since the work is eventually publicly owned.

The Mayor then appoints a group to advise him on the project. Usually this is made up of the group that initially approached the Mayor. Usually, also, he appoints someone is his office to act as liaison between the Mayor's office and the advisory group. The Endowment recommends that a State Arts Council official be a member of this advisory group.

The Endowment brings the Mayor's request, after obtaining the advice of its Visual Arts panel, to the attention of the National Council on the Arts which makes a recommendation for action by the Chairman.

Upon approval, a panel to select the artist is formed. The panel is made up of three members of the advisory panel designated by the Mayor and three individuals named by the Endowment.

The expense of the panel and of preparing the site are borne by the city and are in addition to the matching requirements of the grant.

The program defines both works of art and public places widely. Art can include sculpture, painting, photography, prints, etc. Public places can be airports, subways, highways, etc., as well as the usual city sites. Privately owned land

may be used as a site, if such land is either under lease to local government for public purposes, or is what may reasonably be considered as a "public area," i.e., an area to which the general public, or as in the case of a housing development or university complex, the local community has free and unimpeded access.

WORKS OF ART IN PUBLIC PLACES (INNER CITY MURAL PROJECTS) FISCAL 1973

Purpose: This part of Works of Art in Public Places is designed to encourage and enable inner city artists to express their concerns and aspirations in large-scale murals on city walls. It is also open to any artists' group wishing to extend their activity from the canvas to the wall. The program aims to involve art in the everyday life of the communities and is guided by the extensive activity that has taken place in cities across the country.

Eligible: This program may be administered through a state or local government or through an artist's group which has tax-exempt status. Artists working on the murals must be adult professionals. Children's art does not fall within the program. The designs may be carried through by graduate students or high school students under professional supervision.

Grant Amounts: Grants will normally not exceed $10,000 and generally must be equally matched. (Total project at least $20,000.)

Deadline: All applications must be postmarked by February 28, 1973.

Procedure: Please review the instructions on Page 1 and complete the forms entitled "Project Grant Application" (NEA-3, Rev.). Applications should include slides or photographs of past work, if any, to assist the panel's discussion.

Announcement Date: Notices of acceptances or rejections will not be sent before June 1, 1973.

WORKSHOP PROGRAM
FISCAL 1973

Purpose: The aim of the Workshop Program is the production of new work by artists of exceptional talent, thus adding to our cultural resources. The program also encourages artists to test ideas and media, and to devise modes of working together, and, of course, to give them a place to work.

Eligible: For the purposes of this program, a "workshop" is defined as a place with facilities where a group of artists who share common esthetic and technical interests come together for the purpose of making art in a situation in which they derive stimulation from each other's presence and ideas. The workshop or organization holding the workshop must be tax-exempt. APPLICANTS ARE REQUIRED TO SUBMIT A COPY OF THEIR INTERNAL REVENUE SERVICE TAX EXEMPTION STATUS LETTER WITH EVERY APPLICATION. Workshops must have been in existence for at least one year. Workshops must be for the benefit of groups of practicing professional artists. Amateur or adult education groups are not eligible. Workshops may be independent or attached to museums, universities, art schools, etc. In the latter case, while students may benefit, the emphasis must be on work by practicing professional artists.

Grant Amounts: Grants will usually not exceed $10,000 and will be made on a matching basis. (Total project at least $20,000.)

Deadline: Applications must be postmarked or received no later than November 30, 1972.

WORKSHOP PROGRAM

Procedure: Please review the instructions given on page 1 and complete the forms entitled "Project Grant Application" (NEA-3, Rev.). Grant funds requested should be for the support of workshop activities for not more than one year starting May 1, 1973 and may not extend or be deferred to another year, except under unusual circumstances. With your application, please include biographies of the artists involved in the workshop and slides of their work.

Announcement Date: Notices of acceptances or rejections will not be sent before April 1, 1973.

ARTISTS' SERVICES
FISCAL 1973

A limited number of grants will be available to service organizations or artists' groups concerned with every aspect of the artists' professional status. Grants will be made on a matching basis.

Organizations interested in applying should send a one-page project proposal with a one-page budget summary to the Director, Visual Arts Program. If the preliminary inquiry indicates the proposed project is eligible for consideration, application forms will be sent. Applications are accepted throughout the year; however, applications should be received six months before project is planned to begin.

SHORT-TERM ACTIVITIES (PILOT PROGRAM) FISCAL 1973

Purpose: Funds are available to artists for specific projects resulting in the production of new work for which assistance is needed to buy time or materials. This program recognizes that funds for specific projects are difficult to obtain.

Eligible: Artists of exceptional talent with specific projects. Artists who desire less specific support should apply under the Individual Artists' Fellowship Program. Projects may be in any area currently interpreted as within the context of the visual arts: painting, sculpture, printmaking, crafts, conceptual work, and performances.

Grant Amounts: Grants will be made up to $3,000.

Deadline: All applications must be postmarked by March 1, 1973.

Procedure: Please review the instructions on page 2 and complete the forms entitled "Individual Grant Application," (NEA-2,Rev.). In your application please indicate what you will do with the funds if a grant is awarded to you. If your project needs visual description this should be provided in as clear a manner as possible. As a rule,projects should be completed within three months of receiving the grant.

Announcement Date: Notices of acceptances or rejections will not be sent before June 30, 1973.

PHOTOGRAPHY: EXHIBITION AID (PILOT PROGRAM) FISCAL 1973

Purpose: The aim of this pilot program is to bring photography exhibitions of contemporary and/or historical importance to the public in a variety of appropriate situations.

Eligible: Universities, museums, community centers, theaters, libraries, churches, prisons, cooperative non-profit photography galleries, etc.

Grant Amounts: In this pilot program matching grants will not normally exceed $10,000 for major exhibitions and $5,000 for other projects.

Deadline: Applications must be postmarked or received by December 1, 1972.

Procedure: Please review the instructions on page 1 and complete the forms entitled "Project Grant Application," (NEA-3, Rev.). Evidence of ability to carry through the planned exhibition must be supplied. More formal situations, museums and universities, should supply budgets of previous exhibitions, as a guideline to funding, and should indicate such matters as number of photographs, whether exhibition will travel, person responsible for exhibition, for catalogue introduction and preparation. For less formal situations, the Endowment may encourage the originators of an exhibition to avail themselves of the advice of a consultant they may select from a standing panel of nationally recognized photography experts.

PHOTOGRAPHY: EXHIBITION AID

Note: Since catalogues are a valuable photographic record, works of art in themselves, and often contain essays of importance to the field, special consideration will be given to funding catalogues of lasting value to the field. Precise breakdown of catalogue budgets should be included in your application: size, number of pages, reproductions, kind of paper, cover, number to be printed, details on texts, etc. Expected income should also be indicated

Note: Cooperative non-profit galleries are mentioned above. Special consideration will be given to such galleries attempting to advance the knowledge and popularity of quality photography by contemporary photographers of exceptional talent.

Announcement Date: Notices of acceptances or rejections will not be sent before April 15, 1973.

VISUAL ARTS IN THE PERFORMING ARTS
FISCAL 1973

Purpose: Funds will be available to performing arts groups who wish to encourage the participation of artists and designers of exceptional talent in three areas:

1. Design of posters which advertise single productions or season's offerings and have limited signed editions.

2. Design of sets for plays, operas and dance performances.

3. Design of costumes for plays, operas and dance groups, with the emphasis on dance groups.

(Numbers 2 and 3 for sets and costumes may be combined in applications. Isamu Noguchi sets for Martha Graham and the Robert Rauschenberg and Jasper John sets and costumes for Merce Cunningham are cited as successful examples of numbers 2 and 3.)

Eligible: Professional performing groups (dance companies, orchestras, opera companies, theatre companies, etc.). Individual artists and designers should not apply under this program.

Grant Amounts: Grants will usually not exceed $5,000 and generally must be matched by at least an equal amount from non-Federal sources.

Deadline: Applications must be postmarked by February 28, 1973.

VISUAL ARTS IN THE PERFORMING ARTS

Procedure: Please review the instructions on page 2 and complete the forms entitled "Individual Grant Application" (NEA-2, Rev.) or "Project Grant Application" (NEA-3, Rev.). The "Summary of Project Description" should include specific information concerning the production and the artists or designers you have in mind. The artists should be seriously interested and have time available to undertake the project.

Announcement Date: Notices of acceptances or rejections will not be sent before June 30, 1973.

Tax Information on Scholarships and Fellowship Grants

If you receive a scholarship or fellowship grant (as described below), you may exclude the amount from your gross income, subject to certain limitations depending on whether or not you are a candidate for a degree.

To qualify for this exclusion the payment must be made primarily to further the recipient's education and training. The payment does not qualify, however, if it is made either (1) to compensate you for past, present, or future services, or (2) to allow you to pursue studies or research primarily for the grantor's benefit.

A scholarship generally means an amount paid or allowed to, or for the benefit of, a student at an educational institution to aid him in pursuing his studies. The student may be either an undergraduate or a graduate. The term "scholarship" also includes any amount received in the nature of a family allowance as a part of a scholarship. If an educational institution maintains or participates in a plan whereby the tuition of a child of a faculty member of the institution is remitted by any other participating educational institution attended by such child, the amount of the tuition so remitted shall be considered a scholarship.

A fellowship grant generally means an amount paid or allowed to, or for the benefit of, an individual to aid him in the pursuit of study or research. The term also includes any amount received in the nature of a family allowance as a part of a fellowship grant.

An educational institution means an institution that normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on.

Exchange students engaged in study or research in the United States may be entitled to this exclusion.

"Scholarship" prizes won in a contest, where there is no requirement that a prize be used for educational purposes, are not scholarships or fellowships. They must be included in the recipient's gross income whether or not the amounts are eventually used for educational purposes.

Work-study programs. The value of tuition and work payments awarded to students are scholarships if the awarding college has no tuition charge and, under its educational philosophy, requires all its students to participate in a work program.

Public Health Service awards to students enrolled in advanced courses of training for professional nurses are scholarships.

Student nurses. The value of room and board furnished by an accredited school of nursing to a student is a scholarship.

A "research fellowship" grant awarded by the American Heart Association, Inc., to aid individuals in pursuing further training subject to the approval of the Association, qualifies as a fellowship grant.

Payments to National Teacher Corps teacher interns during training and in-service periods do not qualify as fellowships.

Amounts received for expenses incident to your scholarship or fellowship grant, such as travel (including meals and lodging while traveling and an allowance for travel of your family), research, clerical help, or equipment, may be excluded from gross income subject to certain conditions.

Amounts must be specifically designated as being for expenses under the scholarship or fellowship grant. This requirement is satisfied if the expenses are itemized in the application for the grant, and the amount of the grant is based upon such itemization and is stated to be for both study and incidental expenses.

Amounts not spent to accomplish the purpose of the award and not returned to the grantor must be included in miscellaneous income on Form 1040.

If you are a degree candidate, there is no limitation on the amount of the scholarship or fellowship grant that may be excluded from your income and no restriction on the type of institution making the grant.

Example. In a contest sponsored by a business firm, you receive a scholarship award that you can use only while enrolled as a candidate for a degree at a specified college. The award is not taxable to you if you are not an employee of the firm, at the time of the award, if you are not being compensated for services performed for the business firm in the past, and if you do not place yourself under an obligation to perform services either in the present or the future for the firm.

You may not exclude the portion of the award that is payment for your teaching, research, or other part-time employment required as a condition to receiving the scholarship or fellowship grant, unless such activities are required of all candidates for the particular degree.

Candidate for a degree. The term "candidate for a degree" means an individual, whether an undergraduate or a graduate, who is pursuing studies or conducting research to meet the requirements for an academic or professional degree conferred by colleges or universities. It is not essential that the study or research be pursued or conducted at an educational institution that confers these degrees if the purpose of the study is to meet the requirements for a degree of a college or university that does confer these degrees. A student who receives a scholarship for study at a secondary school is considered to be a "candidate for a degree."

Studies leading to certification to practice a profession do not qualify you as a candidate for a degree.

Example. Miss Harris, a registered nurse, received a grant from a charitable foundation to attend a local university to take training leading to certification as a psychiatric nurse. Her studies for certification are not equivalent to being a candidate for a degree.

If you are not a degree candidate, the amount you receive as a scholarship or fellowship, including the value of services and accommodations provided to you, may be excluded from gross income up to $300 times the number of months for which you receive amounts under the grant during the tax year.

Example 1. Bill Smith, an individual who files his return on the calendar year basis, is awarded a post-doctoral fellowship grant in March of his current tax year. The grant is to begin on September 1 of that year, and is to end on May 31 of the following year, so that it will extend over a period of 9 months. The amount of the fellowship grant is $4,500 and Mr. Smith receives this amount in monthly installments of $500 on the first day of each month beginning September 1. During the tax year, Mr. Smith receives a total of $2,000 with respect to the 4-month period September through December. He may exclude $1,200 from gross income in the tax year ($300 x 4) and must include the remaining $800 in gross income for that year. For the following tax year, he will exclude from gross income $1,500 ($300 x 5) of the $2,500 which he receives in that year, and must include in gross income $1,000.

Example 2. The facts are the same as in example 1, except that Mr. Smith receives the full amount of the grant ($4,500) on September 1 of his current tax year. Since the amount received in the current tax year is for the full term of the fellowship grant (9 months), Mr. Smith may exclude $2,700 ($300 x 9) from gross income for the current tax year. The remaining $1,800 must be included in gross income for that year.

Example 3. Walt Brown, who files his return on the calendar year basis, is awarded a post-doctoral fellowship grant in April of the current tax year. The amount of the grant is $4,500 for a period beginning in September of that year and ending 24 months later. Mr. Brown receives the full amount of the grant on September 1. He may exclude from gross income for the current tax year the full amount of the grant ($4,500) since this amount does not exceed $300 times the number of months (24) for which he received the grant.

The grant must be from one of the following if you are not a candidate for a degree (whether you are a resident alien, nonresident alien, or U.S. citizen):

The United States or a U.S. agency, a state, territory, or a possession of the United States, or any political subdivision thereof, or the District of Columbia;

A nonprofit organization exempt from Federal income tax and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or the prevention of cruelty to children or animals;

A foreign government;

An international organization, or a binational or multinational educational and cultural foundation or commission created or continued under the Mutual Educational and Cultural Exchange Act of 1961.

The number of months you may exclude amounts you receive as scholarships or fellowship grants if you are not a candidate for a degree is limited to 36 months during your lifetime. The limitation applies to any amount received under a grant excluded or excludable from gross income attributable to any prior 36 months, whether or not consecutive. After the 36-month period has elapsed, you must include in your gross income all amounts received under your grant, including those portions designated for expenses incident to the grant and the value of services and accommodations given you as part of it.

If you received 2 or more grants during the year, all the amounts should be totaled to determine what portion may be excluded from income. If these amounts are received during the same month or months within the year, each month is counted only once in determining the number of months in which you received amounts under the grants.

Primarily for grantor's benefit. The amounts paid to aid you in pursuing your studies or research are not excludable if the studies or research are primarily for the benefit of the grantor. However, if the **primary purpose** is to further your education and training, and the amounts do not represent compensation for services, neither the fact that you are required to furnish reports of your progress to the grantor, nor that the results of your studies or research may be of some incidental benefit to the grantor shall, of itself, destroy the character of such amounts as scholarships or fellowships.

Compensation for services. Payments that represent compensation for past, present, or future services performed by you are not excludable. Amounts received by students for services performed on a research project, which a university contracted to perform for a consideration, are compensation regardless of how such consideration is designated. Such amounts are not converted

to scholarships or fellowship grants merely because the research can be used for credits toward degrees or may be required to obtain a degree. Normally, if the services are required of all candidates for a particular degree (whether or not recipients of scholarships or fellowship grants) as a condition to receiving the degree, the compensation for the services may be excluded.

A repayment by your employer of a "scholarship loan" previously received by you is additional compensation for services rendered and is includible in gross income.

If you are required, as a condition for receiving a scholarship, to agree to work for the grantor after completing your training, the scholarship is considered compensation for future services and thus must be included in gross income.

Stipends paid to journalism students working as regular staff employees of certain newspapers, under grants financed by the newspapers and paid through a university, are **compensation** for services performed.

Interns and resident physicians in a hospital who primarily perform services for the hospital, are receiving income. This is true even if the hospital is operated by a university as part of its medical school.

Student interns to state legislatures and to state political leaders, who are required under a grant to perform routine office work and various assignments for the benefit of the legislatures and the political leaders, must include amounts received in their gross income.

Armed services academies. Pay received by students at the armed services academies is compensation for personal services and is income in the year it is received by the Superintendent of the Academy, or a subordinate, as attorney or agent of the student.

Social service agency interns. Amounts received by interns of a social service agency's training program who perform services for the agency, even though training and experience are acquired incidentally in performing the services, are compensation for services performed and are includable in income.

Government grants. Amounts received by U.S. citizens for study and research abroad under the Fulbright Act and the United States Information and Educational Exchange Act of 1948 are a scholarship or fellowship grant.

However, amounts received under these Acts for lecturing and teaching abroad are compensation for services performed, and are includable in income.

Stipends to graduate students under Title IV of the National Defense Education Act of 1958, to assist them in preparing for careers as teachers in colleges and universities, are excludable as scholarships and fellowships.

National Institute of Public Affairs grants to Government employees to enable them to attend selected universities are excludable from the recipients' income as fellowship grants. They are subject to the limitation based on whether the recipient is or is not a candidate for a degree. The continuing salary payments received from the Government, however, are compensation for services performed and are included in income.

Educational benefit payments received by students under the War Orphans' Educational Assistance Act of 1956 are excludable as a scholarship or fellowship grant.

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